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## THE TURNING OF THE TIDE.

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INCREASED imports of merchandise, decreased exports of domestic products ; less gold imported, and more exported ; a smaller import and export of silver ; a larger tonnage movement, and a diminished immigration—such are the main features of the trade and navigation of the United States in the fiscal year 1895, just closed, compared with the results of the fiscal year 1894. This is not on its face a very encouraging showing ; but it represents far more than the bare statement shows. In June, 1894, the situation had been one of extreme depression and financial anxiety for more than a year. The Treasury gold was going out at the rate of nearly three-quarters of a million dollars a day, and was leaving the country in even larger amounts. The banks were proffering “loans” of gold to stop a leak which seemed unending. The Treasury had been once replenished, and yet the reserve stood at a point lower than had been known since the resumption of specie payments. Enterprise was paralyzed under the strain, and the gloomiest predictions found ready endorsement in conservative circles. Small “armies” of paupers roving the country were pointed to as an example of what the future would reproduce on a large and dangerous scale. In June, 1895, the financial aspect had been improved, but only by passing through a crisis the like of which had not been experienced since 1873, perhaps not since Black Friday. The industrial prospects had also brightened, and, last of all, trade rises in volume under the stimulus of manufacturing demands, wider markets, and better prices. 1894 will be known as a panic year ; 1895 will mark the turning of the tide from depression toward prosperity, absolute as well as comparative. The recovery has been slow, and at

the same time rapid. There were evidences of better things a year ago ; but six long weary years were needed to recover from the consequences of 1873. To the approaching change the foreign commerce of the country bears witness.

The imports of merchandise for the twelve months ending June 30, 1895, were \$731,960,319 ; those for the preceding year were \$654,994,622. There was an increase of \$76,965,697, or 11.7 per cent. This increased import lay entirely in the dutiable merchandise ; \$368,729,392 in 1895, and \$275,199,086 in 1894. The imports of merchandise free of duty differed in the two years by about \$16,000,000. The transfer of sugar from the free to the dutiable side in great part accounts for this difference ; but the certainty of duties in 1895 has encouraged imports, while the uncertainty in 1894 was an effectual discouragement. In 1894 the exports of domestic merchandise were valued at \$869,204,937 ; in 1895, \$793,553,018. The loss on domestic exports was \$75,-651,919, or nearly the same amount as was gained in the imports. Including exports of foreign merchandise, the total trade of 1895 was \$1,539,653,580, or \$8,000,000 less than the total commerce of 1894. The very large excess of exports over imports which was shown at the end of 1894, \$237,145,950, was not repeated, for the excess of exports in 1895 was only \$75,732,942. It was remarkable that the trade conditions of 1894 did not lead to imports of gold in settlement of the apparent balance in favor of this country ; and it is hardly likely that the smaller exports of 1895 can be an important factor in determining the commercial movement of gold against the very much larger influence exerted by the transfer of American securities.

Less food was imported in 1895 than in 1894, more raw materials for domestic industries, more partly manufactured articles, and more manufactures for consumption. Allowing for the disturbance due to the tariff contest, this showing may be taken as evidence of a rising industrial movement, and no more general index of economic condition can be found.

The movement of gold has been remarkable. The exports for the twelve months were \$66,131,183, and were made in the first seven months—July to February. The imports were \$35,-120,331, making a net export of \$31,000,000. This loss of gold would have been much greater had it not been for the operations of the syndicate. In the face of high rates of exchange and

a natural tendency for gold to leave the country in the spring and summer months, little gold has been sent abroad, the Treasury has maintained the reserve, and, now that the crops will come forward, the danger of a recurrence of a rush for gold is believed to be reduced to a minimum.

The time was when the farmers of the United States were the great feeders of grain and suppliers of fine cotton of the world. Other peoples have developed in competing capacity in grain and meats, and at no time has their ability been so great as at present. It was Russia and British India that were feared as competitors; it is now the Argentine Republic, which appears to have an almost unlimited power to grow and export wheat in defiance of any competition. The agrarian policies of European nations have also militated against American breadstuffs and provisions, as well by encouraging home production as by discouraging, even prohibiting, imports from the United States. No class of articles has been so materially influenced by the fall in prices. As early as 1885 wheat had fallen below the dollar mark, and only in 1892 did it rise above it. But the export price of 1894, 67 cents, was unusual, and the still lower average of 1895, 57 cents, was demoralizing. Corn, in which no competition is felt, was steadier in price, but the other breadstuffs were lower, and the result in the aggregate is startling. The value of the breadstuffs exported in 1895 was about \$115,000,000; and to find so low a figure one must go back to 1877. A comparison of quantities will show how fallacious is such a test.

	1877.	1895.
Barley.....	1,186,120 bush.	1,556,715 bush.
Corn.....	70,861,000 "	25,507,753 "
Oats.....	2,854,128 "	540,975 "
Rye.....	2,189,322 "	8,879 "
Wheat .....	40,325,611 "	75,831,639 "
Flour.....	3,343,665 bbl.	14,942,617 bbl.

It is wheat and wheat flour that have maintained the export, though due allowance should be made for the deficient crop of 1876, which was smaller than any in the last twenty-one years. Only 20 per cent. of that crop was exported, and 40 per cent. of the crop of 1893 was thus available. The distribution of exports in 1895 was normal, the few large differences being accounted for by good home crops, making a foreign supply unnecessary.

Next in importance stand provisions:—meats and meat products, and dairy products. The total value of exports in 1895

was not very different from that of 1894, seven or eight per cent. less on \$145,270,000. All beef and its products show an increase over 1894, tallow alone excepted, which has been influenced by the competition of Australia. Not in twenty years was the quantity of tallow exported so small as in 1895. Bacon, hams and lard have met with greater favor, and the quantity of hams has never been equalled in any previous year, for the export in 1895 will exceed 105,000,000 pounds. It is in Europe this increase has found a market. Dairy products have declined in quantity as well as in value.

The phenomenally low price of raw cotton has tempted heavy purchases from abroad. If the crop year be taken, the exports in the ten months ending June 30, 1895, were 3,427,845,716 pounds, against 2,566,982,921 pounds in the corresponding period of 1894. Nearly 900,000,000 pounds more were sold in 1895 than in the preceding year, and netted \$3,400,000 less. The distribution of this increased quantity may be taken as a fair indication of the industrial countries which have felt the approach of better demand for the manufactured goods. England naturally stands first, taking 700,000,000 pounds more in 1895 than in 1894; Germany, France, and Italy will use 450,000,000 pounds in excess of last year; and even greater needs are indicated by the increased exports to Mexico and Canada. One other country, the youngest among nations and the youngest industrial power, will repay careful study if her demand for American cotton may be taken as an indication of growing competence. In the year 1894, less than 5,000,000 pounds were exported to Japan; in the year 1895, the export was more than 11,000,000 pounds. This is the more remarkable as Japan has British India and China as sources of supply, and is known to draw heavily from them. This need for our cotton points to positive development on the best lines of manufacture. It is only five years ago that the United States sent cotton cloth to Japan. Now Japan asks for raw cotton, defeats British Indian competition in yarns, and threatens English cloth with exclusion from the continent of Asia. American cloth, by its low price and good quality, still finds favor in the East. China, through her troubles, has imported less in 1895 than in 1894 by about 17,000,000 yards; but other parts of Asia and Oceanica made good 5,000,000 yards, and in South America the market is increasing, save in the Argentine Republic. To

Brazil the exports have never been so large, in spite of the abrogation of the reciprocity agreement ; while Colombia, which did not enter into the agreement and in consequence had its coffee, hides and skins subjected to a duty on entering the United States, has again reverted to American cottons and surpasses the demand in any previous year. Against these signs of advance must be set a loss of two-thirds, or more than 10,000,000 yards, in the Canadian market—due rather to bad times than to the home industries of that colony.

American cotton is sold in competition with the cotton of the East and Egypt, but so far surpasses in quantity, and, in the case of India, in quality, that it holds its own. In neither country is the power of the State exerted to encourage the planting and push the sale. Russian petroleum is a more aggressive and dangerous rival to the American oil, and has succeeded, by treaty provision, in almost excluding the illuminating oil of the United States from certain markets. Neighborhood, and a large yield of heavy oils, have contributed in part to this result ; but tariffs and prejudice are more potent influences, and are able even to overcome differences in price, quality and packing in favor of the American product. The rise in the price of illuminating oil during 1895 has given better returns to exporters than in any year since 1891, but the quantity was exceeded in 1894. Severe as the struggle for markets has been, the produce of the United States has been successful, and the exports of 1895—885,000,000 gallons—are only 13,000,000 less than the exports of the banner year, 1894. The increase was in Europe, and great as that has been it was not sufficient to compensate for the losses in the East.

If any single item among the imports fixes the attention, it is raw wool. This one article has been the subject of more political discussion and economic experiment than any other to be found in the list of imports or of domestic exports. Indeed, it has only occasionally figured to any importance as an article of export. It has been a source of pride that American wool has been used in the home market, and every safeguard taken to prevent its passing into foreign hands. At the outbreak of the civil war raw wool was being exported to the amount of about 1,000,000 pounds each year, but in only one year (1886) did the quantity again attain or exceed that limit. If 300,000 pounds were sent away in one year, the quantity would be considered a large one, and

the return of 1894, 477,182 pounds, was abnormal. In 1895 the number of pounds exported was more than double the export of any previous year, and exceeded 4,000,000 pounds. The details are not so encouraging, for this quantity was mainly divided between Mexico—not a manufacturing country—and Canada, where a woollen industry does exist.

The success or failure of the experiment of free wool is yet to be determined. Since September the wools of the world have had free access to our markets for the first time since 1857, and the quantity imported shows the privilege is being extensively used, but it would be difficult to prove the imports excessive. In 1894 the uncertainties of what the issue of the tariff struggle would be nearly cut off importations of wool. In the previous year, 1893, when the movement was unhampered by any such uncertainty, the total imports were 172,433,838 pounds, of which 122,386,072 pounds were of the low grade carpet wools, not produced in the United States in quantities sufficient to meet the wants of the manufacturers. In eleven months of 1895 the imports exceeded those of the year 1893, and the full year 1895 will give a total of about 200,000,000 pounds. This increase is no more than occurred between 1892 and 1893, and, representing two years, cannot be regarded as unusual. What is noticeable is the increase in the finer grades—the clothing wools. In previous years an import of between 50 and 60 million pounds would be taken as a fair amount; in 1895 the quantity will be more than 90,000,000 pounds, or nearly one-half the entire wool importations. These larger importations of raw wools have been accompanied by smaller importations of woollen manufactures.

Prices of wools, both domestic and foreign, have ruled low, very low, and in adapting the home-growing interest to the new conditions introduced by the removal of the duty, some heavy losses were entailed. The sale of American sheep abroad has fluctuated widely. In 1883 the number was 337,251, and year by year the number lessened, until only 37,260 were exported in 1893. In 1895 the export of 1883 was slightly exceeded, but a few thousand in excess need create no apprehension, as proof of an unprofitable industry. The situation of wool is peculiar in every producing country, and enormous as the increased product has been, it is doubtful if any check will be felt on a still greater increase. In Australia the ranchmen are successfully overcom-

ing one of the most serious obstacles to the extension of sheep raising, by sinking artesian wells and making pools or dams to retain the water for their stock. The great London dealers in wools, Messrs. Helmuth, Schwartz & Co., give a suggestive comparison in the wool production in 1884 and in 1893.

	1884. Pounds.	1893. Pounds.
England.....	132,000,000	151,000,000
Continent of Europe.....	450,000,000	450,000,000
North America.....	350,000,000	377,000,000
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Australia.....	932,000,000	978,000,000
Africa (Cape).....	408,000,000	632,000,000
River Plate.....	52,000,000	91,000,000
Other.....	322,000,000	365,000,000
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Total.....	1,820,000,000	2,230,000,000

The increased product for the first group was 5 per cent. ; for the second group 40.9 per cent. ; and for both groups 22.5 per cent. While the populations of these countries have increased in the same time only 9.5 per cent., the yield of clean wool has increased 19.4 per cent.\* This in itself should explain the low prices of wool, and in such matters an economic is more permanent than a political cause.

The movement in iron and steel also is looked upon as a fair measure of the industrial situation at home, and the same measure may be applied to the import and export trade. In 1882 the heaviest imports of iron and steel and manufactures were made, \$70,551,497. Since that year the value has declined, and in 1894 was only \$20,559,368—the lowest record since the end of the depression of 1873-79. In 1882 the exports of iron and steel and manufactures were valued at \$20,748,206—an amount exceeded only in the single year 1871. In 1894 the exports were \$30,106,482—a figure never touched before—and in 1895 this aggregate is surpassed by more than a million. Through the long list of articles included in this class of manufactures only a few show diminished exports ; the losses on pig iron, band iron, cutlery, stationary engines and boilers, plate iron, printing presses, railroad bars and sewing machines, are more than compensated by the additions on wire, stoves, firearms and bar iron. Brazil is equipping her railroads with American engines ; and if the Argentine Republic buys fewer locomotives of the United States, it takes more cars and more agricultural implements,

\* Statistics given by Messrs. Justice, Bateman & Co.  
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both of which may widen the wheat area of that Republic and enable it to compete to an even greater extent with the wheat grower of the West.

The exports of copper ingots in 1894 greatly exceeded those of any previous year, and were in great part caused by its demand in electrical appliances. The movement in 1895 was less by nearly one-third though the price was sufficiently low to warrant an increased consumption. Before 1894 the largest export was 56,453,756 pounds sent chiefly to Europe in 1892; and an export of 146,000,000 in 1895 is not one to give occasion to any fears that copper of the United States can not hold its own against the products of Chili and Spain. The exports of copper ore have been declining for some years, and in 1895 barely one-fifth the quantity of 1892 will be sent to the only consumer—England. That country obtains large quantities of ore from Venezuela, Spain, Cape of Good Hope and even Newfoundland. France also imports the ore from Chili and in an indirect trade through England.

Such are some of the leading elements in the foreign trade of 1895. It would be interesting to discuss them from the revenue standpoint, and show where the \$20,000,000 larger customs revenue was obtained, and how, through the fall in the price of sugar, the revenue was not greater. The West India Islands, whence the great supply of sugar is derived, are well known to be in a condition of decline, politically as well as economically. The market for sugar in the United States has been their main prop, and it could remain a support only while the prices paid for raw sugar covered the cost of production. It has been asserted for years that sugar could not profitably be grown under two cents a pound; and for more than six months and at the very time the cane sugar campaign is on, the price has been given at 1.7 cents for cane and 1.5 cents for beet. The political features of sugar need not detain us, however interesting it would be to speculate upon a continuance of the current low prices, and their effects upon the West Indies, Louisiana, and that complicated structure of bounty-fed beet sugar interest in Europe. So long as the consumers of the United States get their sugar cheap, it will be as well to leave the struggle between cane and beet products to the wisdom of other peoples. This is, indeed, necessary, because of the revenue from sugar.

It would be even more interesting to map out the great geographical lines of American commerce, and study the political consequences with a special reference to the American continent. The largest share of our trade is still with European countries, and must be for many years; but the commercial relations with our neighbors are capable of great development, and a commercial supremacy would involve other relations of high importance in the near future. With 1894 as a year of comparison, the imports in 1895 had increased from Europe, South America, Asia and Africa, and decreased from Canada and the West Indies, and Oceanica. A greater value of exports was sent to South America, Oceanica and Africa, while a less value went to Europe, Canada, the West Indies and Asia. The depression in Canada has been more severe than in the United States, and the war in Asia has had its effect on trade.

The experience of 1894 in foreign trade was trying to an extreme; that of 1895 has done much to repair losses, and more to prove how firmly are established the great branches of our trade. Sharp and concentrated as was the crisis of 1894, it was better to have an explosion and a ready recovery, than a long and lingering decline, followed by a sudden access of speculation and extravagant trading, ending as it always must end, in disaster.

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